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March 22, 2006

H. Jay Freeman
General Manager
Natural Energy Utility Corporation
2560 Hoods Creek Pike
Ashland, KY 41102

CERTIFICATE OF SERVICE

RE: Case No. 2006-00119
Natural Energy Utility Corporation

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on March 22, 2006.

Executive Director

BOD/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF NATURAL)	CASE NO. 2006-00119
ENERGY UTILITY CORPORATION)	

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation ("Natural Energy"), formerly American Natural Gas Corporation, and provided for their further adjustment in accordance with Natural Energy's gas cost adjustment ("GCA").¹

On March 15, 2006, Natural Energy filed its proposed GCA to be effective April 1, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy's notice sets out an expected gas cost ("EGC") of \$7.2512 per Mcf. Natural Energy incorrectly adjusted its EGC for line loss. Correcting for this error produces an EGC of \$7.0830, which is a decrease of \$4.093 per Mcf from the previous EGC of \$11.1760.
3. Natural Energy's notice sets out no current quarter supplier refund adjustment ("RA"). Natural Energy's notice sets out no total RA.

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company, Order dated December 18, 1991.

4. Natural Energy's notice sets out a current quarter Actual Adjustment ("AA") of 66.2 cents per Mcf. Natural Energy incorrectly calculated its AA by using the GCA rather than the EGC for the months involved. Correcting for this produces a current quarter AA of 57.6 cents per Mcf. Natural Energy's total AA is 45.25 cents per Mcf, which is an increase of 49.37 cents per Mcf from the previous total AA.

5. Natural Energy's GCA is \$7.5355 per Mcf, which is a decrease of \$3.5993 per Mcf from the previous GCA of \$11.1348.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after April 1, 2006.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after April 1, 2006.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 22nd day of March, 2006.

By the Commission

ATTEST

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00119 DATED March 22, 2006.

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
All Mcf	\$4.24	\$7.5355	\$11.7755

Minimum Bill

The minimum bill shall be \$11.7755